Exhibit 300 (BY2009)

PART ONE	
OVERVIEW	
1. Date of Submission:	2007-09-10
2. Agency:	015
3. Bureau:	45
4. Name of this Capital Asset:	Electronic Fraud Detection System (EFDS)
5. Unique Project Identifier:	015-45-01-12-01-2221-00

6. What kind of investment will this be in FY2009?	
Mixed Life Cycle	
7. What was the first budget year this investment was submitted to OMB?	
FY2001 or earlier	
8. Provide a brief summary and justification for this investment, including a brief description of how this closes in part or in whole an identified agency performance gap.	
The Electronic Fraud Detection System (EFDS) is a major, DME/mixed lifecycle, automated client server-based system used to maximize fraud detection at the time that tax returns are filed to eliminate the issuance of fraudulent tax refunds. The EFDS is used to detect fraudulent tax refund claims by Criminal Investigation (CI) Investigative Aides/Analysts (IA/As), Program Analysts, and Special Agents at the 10 IRS Campuses/Fraud Detection Centers, 5 Lead Development Centers (LDC), over 35 Field Offices, and the IRS National Office. A Congressionally mandated study determined that annual losses estimated at several billions of dollars were attributable to paper and electronic tax return fraud and identified a gap between the IRS' technological service competence and its technological compliance competence. Compliance problem areas have included: 1) promoters of fraudulent tax schemes of all varieties; 2) the high rate of erroneous earned income tax credit (EITC) payments, and 3) fraudulent tax refund claims. These compliance problems have resulted in the loss of hundreds of millions of dollars in revenue to the government. The availability of the EFDS is essential for the IRS to be successful in its efforts to increase compliance in these areas. The EFDS has been used to stop the issuance of hundreds of millions of dollars of fraudulent and erroneous tax refunds and has met or exceeded the performance goals established by the business owner, IRS Criminal Investigation (CI). In FY 2007 the EFDS detected $2,747,933,000 in potentially fraudulent tax refund claims.	
9. Did the Agency's Executive/Investment Committee approve this request?	
yes	
9.a. If "yes," what was the date of this approval?	
2007-08-16	
10. Did the Project Manager review this Exhibit?	
yes	
11. Project Manager Name:	
Solomonik, Michelle	
Project Manager Phone:	
(202) 283-5620	
Project Manager Email:	
michelle.l.solomonik@irs.gov	
11.a. What is the current FAC-P/PM certification level of the project/program manager?	
TBD	
12. Has the agency developed and/or promoted cost effective, energy-efficient and environmentally sustainable techniques or practices for this project.	
yes	
12.a. Will this investment include electronic assets (including computers)?	

yes

12.b. Is this investment for new construction or major retrofit of a Federal building or facility? (answer applicable to non-IT assets only)

no

13. Does this investment directly support one of the PMA initiatives?

yes

If yes, select the initiatives that apply:

Financial Performance

13.a. Briefly and specifically describe for each selected how this asset directly supports the identified initiative(s)? (e.g. If E-Gov is selected, is it an approved shared service provider or the managing partner?)

The EFDS supports the Improved Financial Performance PMA initiative. This PMA initiative addresses erroneous benefit and assistance payments associated with several government programs. The EFDS is used to identify and stop payment of erroneous tax refunds related to fraudulent refund claims. In FY 2007, the EFDS detected $2,747,933,000 in potentially fraudulent refund claims.

14. Does this investment support a program assessed using the Program Assessment Rating Tool (PART)?

yes

14.a. If yes, does this investment address a weakness found during the PART review?

no

14.b. If yes, what is the name of the PARTed program?

Internal Revenue Service Criminal Investigations

14.c. If yes, what rating did the PART receive?

Moderately Effective

15. Is this investment for information technology?

yes

16. What is the level of the IT Project (per CIO Council's PM Guidance)?

Level 2

17. What project management qualifications does the Project Manager have? (per CIO Council's PM Guidance)

(1) Project manager has been validated as qualified for this investment

18. Is this investment identified as high risk on the Q4 - FY 2007 agency high risk report (per OMB memorandum M-05-23)?

yes

19. Is this a financial management system?

no

19.a.2. If no, what does it address?

The Electronic Fraud Detection System (EFDS) is an automated system used to maximize fraud detection at the time that tax returns are filed to eliminate the issuance of fraudulent tax refunds.

20. What is the percentage breakout for the total FY2008 funding request for the following? (This should total 100%)

Hardware	0
Software	0
Services	95
Other	5

21. If this project produces information dissemination products for the public, are these products published to the Internet in conformance with OMB Memorandum 05-04 and included in your agency inventory, schedules and priorities?

n/a

22. Contact information of individual responsible for privacy related questions.

Name

Carlos Moura

Phone Number	
202- 927-0730	
Title	
Management and Program Analyst	
Email	
carlos.moura@irs.gov	
23. Are the records produced by this investment appropriately scheduled with the National Archives and Records Administration's approval?	
yes	
24. Does this investment directly support one of the GAO High Risk Areas?	
yes	

SUMMARY OF SPEND

1. Provide the total estimated life-cycle cost for this investment by completing the following table. All amounts represent budget authority in millions, and are rounded to three decimal places. Federal personnel costs should be included only in the row designated Government FTE Cost, and should be excluded from the amounts shown for Planning, Full Acquisition, and Operation/Maintenance. The total estimated annual cost of the investment is the sum of costs for Planning, Full Acquisition, and Operation/Maintenance. For Federal buildings and facilities, life-cycle costs should include long term energy, environmental, decommissioning, and/or restoration costs. The costs associated with the entire life-cycle of the investment should be included in this report.

All amounts represent Budget Authority

	PY-1 & Earlier	PY	CY
	-2006	2007	2008
Planning Budgetary Resources	9.973	0.000	0.000
Acquisition Budgetary Resources	50.199	0.000	0.474
Maintenance Budgetary Resources	119.405	9.273	9.786
Government FTE Cost	17.449	2.052	2.114
# of FTEs	176	15	15

Note: For the cross-agency investments, this table should include all funding (both managing partner and partner agencies).

Government FTE Costs should not be included as part of the TOTAL represented.

2. Will this project require the agency to hire additional FTE's?

no

3. If the summary of spending has changed from the FY2008 President's budget request, briefly explain those changes.

The FY 2008 budget total of $12.374M in the Summary of Spending above is an increase of $748,000 over the 2008 President's Budget as a result of the OMB budget passback.

PERFORMANCE

In order to successfully address this area of the exhibit 300, performance goals must be provided for the agency and be linked to the annual performance plan. The investment must discuss the agency's mission and strategic goals, and performance measures (indicators) must be provided. These goals need to map to the gap in the agency's strategic goals and objectives this investment is designed to fill. They are the internal and external performance benefits this investment is expected to deliver to the agency (e.g., improve efficiency by 60 percent, increase citizen participation by 300 percent a year to achieve an overall citizen participation rate of 75 percent by FY 2xxx, etc.). The goals must be clearly measurable investment outcomes, and if applicable, investment outputs. They do not include the completion date of the module, milestones, or investment, or general goals, such as, significant, better, improved that do not have a quantitative measure.

Agencies must use the following table to report performance goals and measures for the major investment and use the Federal Enterprise Architecture (FEA) Performance Reference Model (PRM). Map all Measurement Indicators to the corresponding Measurement Area and Measurement Grouping identified in the PRM. There should be at least one Measurement Indicator for each of the four different Measurement Areas (for each fiscal year). The PRM is available at www.egov.gov. The table can be extended to include performance

measures for years beyond FY 2009.

	Fiscal Year	Strategic Goal Supported	Measurement Area	Measurement Grouping	Measurement Indicator	Baseline	Planned Improvement to the Baseline	Actual Results
1	2006	Manage the U.S. Government's Finances Effectively	Mission and Business Results	Taxation Management	The number of Criminal Investigations Initiated	580	597	0 - System not operational in FY 2006
2	2006	Manage the U.S. Government's Finances Effectively	Mission and Business Results	Taxation Management	The number of Criminal Investigations Completed	493	508	0 - System not operational in FY 2006
3	2006	Manage the U.S. Government's Finances Effectively	Customer Results	Accuracy of Service or Product Delivered	The dollar amount of fraudulent tax refund claims detected	$506,000,000	$521,000,000	0 - System not operational in FY 2006
4	2007	Manage the U.S. Government's Finances Effectively	Mission and Business Results	Taxation Management	The number of Criminal Investigations Initiated	580	405 - Based on system operational only last 3 quarters of FY 2007	420 - Through the 4th quarter of FY 2007.
5	2007	Manage the U.S. Government's Finances Effectively	Mission and Business Results	Taxation Management	The number of Criminal Investigations Completed	493	305 - Based on system operational for last 3 quarters of FY 2007.	444 - Through the 4th quarter of FY 2007.
6	2007	Manage the U.S. Government's Finances Effectively	Customer Results	Accuracy of Service or Product Delivered	The dollar amount of fraudulent tax refund claims detected	$506,000,000	$1,761,000,000 - Based on system operational for last 3 quarters of FY 2007	$2,747,933,000 - Through the 4th quarter of FY 2007
7	2007	Manage the U.S. Government's Finances Effectively	Processes and Activities	Productivity	The percentage of primary investigations that are accepted as subject criminal investigations.	TBD - New Measurement	58%	58.2% for the 3rd quarter of FY 2007.
8	2007	Manage the U.S. Government's Finances Effectively	Processes and Activities	Productivity	The percentage of refunds identified as false that are stopped.	TBD - New Measurement	70%	70.01% for the 3rd quarter of FY 2007.
9	2007	Manage the U.S. Government's Finances Effectively	Technology	Availability	The percentage of time the system is available for	99%	99%	99% for the 4th quarter of FY 2007

					use.		
10	2008	Manage the U.S. Government's Finances Effectively	Mission and Business Results	Taxation Management	The percentage of QRP refunds identified as false that are stopped.	TBD - New Measurement	70%	TBD
11	2008	Manage the U.S. Government's Finances Effectively	Technology	Availability	The percentage of time the system is available for use.	99%	99%	TBD
12	2008	Manage the U.S. Government's Finances Effectively	Customer Results	Accuracy of Service or Product Delivered	The percentage of completed verifications which are potentially fraudulent.	TBD - New Measurement	65%	TBD
13	2008	Manage the U.S. Government's Finances Effectively	Processes and Activities	Productivity	The percentage of primary investigations that are accepted as subject criminal investigations.	58%	55%	TBD

EA

In order to successfully address this area of the business case and capital asset plan you must ensure the investment is included in the agency's EA and Capital Planning and Investment Control (CPIC) process, and is mapped to and supports the FEA. You must also ensure the business case demonstrates the relationship between the investment and the business, performance, data, services, application, and technology layers of the agency's EA.

1. Is this investment included in your agency's target enterprise architecture?

yes

1.a. If no, please explain why?

2. Is this investment included in the agency's EA Transition Strategy?

yes

2.a. If yes, provide the investment name as identified in the Transition Strategy provided in the agency's most recent annual EA Assessment.

Electronic Fraud Detection System (EFDS).

3. Is this investment identified in a completed (contains a target architecture) and approved segment architecture?

no

4. Identify the service components funded by this major IT investment (e.g., knowledge management, content management, customer relationship management, etc.). Provide this information in the format of the following table. For detailed guidance regarding components, please refer to http://www.whitehouse.gov/omb/egov/.

Component: Use existing SRM Components or identify as NEW. A NEW component is one not already identified as a service component in the FEA SRM.

Reused Name and UPI: A reused component is one being funded by another investment, but being used by this investment. Rather than answer yes or no, identify the reused service component funded by the other investment and identify the other investment using the Unique Project Identifier (UPI) code from the OMB Ex 300 or Ex 53 submission.

Internal or External Reuse?: Internal reuse is within an agency. For example, one agency within a department is reusing a service component provided by another agency within the same department. External reuse is one agency within a department reusing a service component provided by another agency in another department. A good example of this is an E-Gov initiative service being reused by multiple

organizations across the federal government.

Funding Percentage: Please provide the percentage of the BY requested funding amount used for each service component listed in the table. If external, provide the funding level transferred to another agency to pay for the service.

	Agency Component Name	Agency Component Description	Service Type	Component	Reused Component Name	Reused UPI	Internal or External Reuse?	Funding %
1	Tax Account Management Business Logic	EFDS Architecture Oracle Database, Disaster Recovery Architecture and Loads Component used data exchange extensively.	Data Management	Data Exchange			No Reuse	2
2	Data Recovery	EFDS Architecture Oracle Database, Disaster Recovery Architecture and Loads Component use data recovery continually.	Data Management	Data Recovery			No Reuse	3
3	Data Warehouse	EFDS Architecture Oracle Database Disaster Recovery Architecture and Loads Component use data warehousing extensively.	Data Management	Data Warehouse			No Reuse	3
4	Loading and Archiving	EFDS Architecture Oracle Database, Disaster Recovery Architecture and Loads Component use Loading and Archiving extensively.	Data Management	Loading and Archiving			No Reuse	5
5	Legacy Integration	Based on re-engineering improvements EFDS	Development and Integration	Legacy Integration			No Reuse	3

		Architecture Oracle Database, Disaster Recovery Architecture and Loads Component use has been improved.						
6	Computers/Automation Management	EFDS Architecture application component uses client/server-based system software and hardware.	Asset / Materials Management	Computers / Automation Management			No Reuse	4
7	Data Mining	EFDS Data Mining Algorithm is utilized within the Loads Component	Knowledge Discovery	Data Mining			No Reuse	5
8	Document Review and Approval	EFDS CCB reviews and approves EFDS documents.	Document Management	Document Review and Approval			No Reuse	2
9	Document Revisions	PVCS Tracker is used to track document revisions.	Document Management	Document Revisions			No Reuse	2
10	Tax Account Management Business Logic	EFDS Application Standardized Report format follows uniform IRS approved standards	Tracking and Workflow	Process Tracking			No Reuse	2
11	Performance Management	EFDS Project Office, EFDS Development use a variety of validation performance monitoring tools to track EFDS performance, including Precision software.	Investment Management	Performance Management			No Reuse	3
12	Change Management	EFDS Project Office CCB, EFDS Development Contractors,	Management of Processes	Change Management			No Reuse	8

		Oracle Database, Loads Components and EFDS Disaster Recovery Architecture use IRS approved standards for change management.					
13	Configuration Management	EFDS Project Office CCB, EFDS Development Contractors, Oracle Database, Loads Components and EFDS Disaster Recovery Architecture use IRS approved standards for configuration management.	Management of Processes	Configuration Management		No Reuse	8
14	Quality Management	EFDS Development is contractually required to follow CMM Level 2.	Management of Processes	Quality Management		No Reuse	6
15	Online Help	EFDS Application uses online Tips and Hints for the users.	Customer Initiated Assistance	Online Help		No Reuse	2
16	Document Library	EFDS Client/Server Architecture Application, Oracle Database, Loads Component and EFDS Disaster Recovery Architectures maintain deliverable and testing documentation in an online web based library.	Collaboration	Document Library		No Reuse	2

17	Access Control	Access to the EFDS application database is controlled by Oracle 9.2.07 in accordance with IRM standards.	Security Management	Access Control			No Reuse	5
18	Audit Trail Capture and Analysis	Auditing user activity on the EFDS database is provided by Oracle 9.2.07.	Security Management	Audit Trail Capture and Analysis			No Reuse	3
19	Identification and Authentication	The EFDS application is used for user identification and authentication.	Security Management	Identification and Authentication			No Reuse	5
20	Standardized/Canned	EFDS Application Standardized Report format follows uniform ELC approved standards.	Reporting	Standardized / Canned			No Reuse	2
21	Software Development	ClearCase was used to reengineer the EFDS client/server application and database to improve performance.	Development and Integration	Software Development			No Reuse	25

5. To demonstrate how this major IT investment aligns with the FEA Technical Reference Model (TRM), please list the Service Areas, Categories, Standards, and Service Specifications supporting this IT investment.

FEA SRM Component: Service Components identified in the previous question should be entered in this column. Please enter multiple rows for FEA SRM Components supported by multiple TRM Service Specifications.

Service Specification: In the Service Specification field, Agencies should provide information on the specified technical standard or vendor product mapped to the FEA TRM Service Standard, including model or version numbers, as appropriate.

	SRM Component	Service Area	Service Category	Service Standard	Service Specification (i.e., vendor and product name)
1	Data Exchange	Service Access and Delivery	Service Transport	Supporting Network Services	Precise 6.2
2	Performance Management	Service Access and Delivery	Service Transport	Supporting Network Services	Precise 6.2
3	Identification and	Service Access and	Service	Authentication /	Oracle 9.2.08

4	Access Control	Service Access and Delivery	Service Requirements	Authentication / Single Sign-on	Oracle 9.2.08
5	Online Help	Service Access and Delivery	Service Requirements	Hosting	Borland C++
6	Audit Trail Capture and Analysis	Service Access and Delivery	Service Requirements	Legislative / Compliance	Oracle 9.2.08
7	Data Mining	Service Platform and Infrastructure	Database / Storage	Storage	Clementine 10
8	Loading and Archiving	Service Platform and Infrastructure	Database / Storage	Storage	Oracle 9.2.08
9	Data Warehouse	Service Platform and Infrastructure	Database / Storage	Database	Oracle Warehouse Builder 10.1.0.2
10	Data Recovery	Service Platform and Infrastructure	Database / Storage	Database	Oracle 9.2.08
11	Legacy Integration	Service Platform and Infrastructure	Database / Storage	Database	Oracle 9.2.0
12	Quality Management	Service Platform and Infrastructure	Software Engineering	Test Management	Merant PVCS Tracker
13	Standardized / Canned	Service Platform and Infrastructure	Delivery Servers	Media Servers	NFS Maestro 9.0
14	Computers / Automation Management	Service Platform and Infrastructure	Hardware / Infrastructure	Local Area Network (LAN)	SUN Gigaswift
15	Change Management	Service Platform and Infrastructure	Software Engineering	Software Configuration Management	Merant PVCS Tracker
16	Configuration Management	Service Platform and Infrastructure	Software Engineering	Software Configuration Management	Merant PVCS Tracker
17	Process Tracking	Service Platform and Infrastructure	Software Engineering	Software Configuration Management	Microsoft Scheduler
18	Software Development	Service Platform and Infrastructure	Software Engineering	Software Configuration Management	ClearCase
19	Access Control	Component Framework	Security	Supporting Security Services	Oracle 9.2.08
20	Document Revisions	Component Framework	Data Management	Reporting and Analysis	Adobe FrameMaker 7.1
21	Document Library	Component Framework	Data Management	Reporting and Analysis	Adobe FrameMaker 7.1
22	Document Review and Approval	Component Framework	Data Management	Reporting and Analysis	Adobe FrameMaker 7.1

6. Will the application leverage existing components and/or applications across the Government (i.e., FirstGov, Pay.Gov, etc)?

no

PART TWO

RISK

You should perform a risk assessment during the early planning and initial concept phase of the investment's life-cycle, develop a risk-adjusted life-cycle cost estimate and a plan to eliminate, mitigate or manage risk, and be actively managing risk throughout the investment's

life-cycle.
Answer the following questions to describe how you are managing investment risks.
1. Does the investment have a Risk Management Plan?
yes
1.a. If yes, what is the date of the plan?
2007-05-15
1.b. Has the Risk Management Plan been significantly changed since last year's submission to OMB?
yes
1.c. If yes, describe any significant changes:
Several risks added to the EFDS Risk Inventory for last year's submission have been closed as a result of successful implementation of mitigation strategies. These include: 1) Technology - If the 2005 EFDS system software programs (e.g. Oracle 9i and Solaris) are not compatible with the EFDS application changes for TY 2006, then the PY 2007 client/server application may not function properly, 2) Data/Info - If the 2006 data loads are not successfully loaded for PY 2007 SAT and production, then prior year data will not be available for fraud detection analysis, and 3) Data/Info - If the extract data for the client/server system is bad, then the user will not have a complete picture of taxpayer history. The remaining risks from the original 19 category Risk Inventory are no longer being tracked and have also been closed. Several new risks have been identified and are listed in Appendix A of the EFDS Risk Management Plan. Five of the six current risks have a criticality rating of Red for filing season (FS) 2008. They include: impact of unsupported COTS products on development and production, impact of late breaking legislative changes on the FS 2008 release, EFDS DR Plan not tested as part of the IRS DR testing initiative, payment for Clementine maintenance may not be on time, impact of loss of performance domain on development, and the loss of storage for the development and testing environments.
3. Briefly describe how investment risks are reflected in the life cycle cost estimate and investment schedule:
The Electronic Fraud Detection System (EFDS) Client Server is a major, mixed life cycle project. Both lifecycle cost estimates and the investment schedule are risk adjusted. The EFDS Project Office uses the Item Tracking Reporting and Control (ITRAC) system to record and track all EFDS project risks. The EFDS project team estimates cost and schedule factors to mitigate significant project risks identified in the ITRAC system. These mitigation factors are incorporated into project cost estimations and schedules as part of the budget planning cycle in accordance with accepted Enterprise Life Cycle (ELC) project management practices. All risks are analyzed during ELC milestone exit lessons learned reviews. Contingency costs are managed through Applications Development (AD) oversight.
COST & SCHEDULE
1. Does the earned value management system meet the criteria in ANSI/EIA Standard 748?
yes
2. Is the CV% or SV% greater than Â± 10%?
no
3. Has the investment re-baselined during the past fiscal year?
yes
3.a. If yes, when was it approved by the agency head?
2007-08-02